



**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

Group Administrator Memo #04-01

To: Group Benefits Administrators
From: Mary P. Habel, Director
State and Local Health Benefits Programs
Date: February 4, 2004
Re: Contracts awarded for TLC health benefits program effective July 1, 2004

The Local Choice will continue to provide a cost-effective and affordable health benefits package to its employer groups effective with the 2004-05 renewal. We are pleased to announce several changes in administration of dental, prescription drug, mental illness and substance abuse (MISA), and Employee Assistance Program (EAP) benefits for our six statewide plans. New vendors will administer the dental program, MISA and the EAP and we will now contract directly with Medco Health Solutions rather than contracting through Anthem. You can expect the same high quality services from our new vendors as well as the companies that currently administer our medical and pharmacy programs. In compliance with the Virginia Public Procurement Act, the Virginia Department of Human Resource Management issued requests for proposals last July for medical and surgical, dental, prescription drug, mental illness, substance abuse and EAP services. Our VPPA compliance reduces the necessity of frequent procurement efforts by our groups.

The department published an intent to award these contracts on December 23, 2003. After a 10-day public comment period, contracts were awarded on January 8, 2004 to the following companies:

Medical and Surgical Services

- Anthem Blue Cross and Blue Shield will continue to administer the statewide self-funded TLC plans.

- Kaiser Permanente continues as the program's regional fully insured health plan serving groups in Northern Virginia.

Dental Benefits

- Delta Dental Plan of Virginia was awarded the contract to administer dental benefits under the TLC statewide plans.

Prescription Drug Program

- The Department will now work directly with Medco Health Solutions, Inc. to administer the prescription drug program under the TLC statewide plans. Previously, Medco provided these benefits through a subcontract with Anthem.

Mental Illness, Substance Abuse and Employee Assistance Program Services

- ValueOptions, Inc. will administer MISA and EAP services under the TLC statewide plans.

Deductibles, coinsurance and copayments will not change. However, the traditional package of Key Advantage and Cost Alliance plans will change from calendar year to plan year programs. No plan member will lose benefits during the initial transition. As of July 1 (October 1 for certain school groups) Value Package participants may have routine mammograms, PSA tests and PAP tests without deductible. Only coinsurance will apply.

Please see the attached news release and Frequently Asked Questions for additional information on the contract awards.

Enclosures

News release on contract awards
TLC Frequently Asked Questions